

TAPPING MONTANA'S POWER POTENTIAL

The Schweitzer Energy Policy

Background and Premises

One of Montana's most exciting economic growth potentials is energy development. Our world class energy resources—wind, oil and gas, biofuels, biomass, significant amounts of coal and more—are second to none in the United States and provide us with the opportunity to help the nation to wean itself from foreign oil while creating economic growth opportunities here in Montana. Our addiction to foreign oil is of grave concern to all Americans and Montana is positioned to be a leader in breaking that addiction. We can provide a good share of the energy resources America needs in a manner that respects and protects the wild places that make Montana so special. We can use Montana resources to help break our addiction to foreign oil. It is with this vision of responsible development that the Schweitzer Energy Policy was created.

The Schweitzer Energy Policy is built upon these important premises:

- Montana has more potential for energy development from existing and untapped diversified sources than any state in the nation.
- Because of our existing energy development and our energy development potential, Montana can play a major role in reducing our nation's addiction to foreign oil.
- When done properly, energy development, including value adding, can create the high-quality, good-paying jobs essential for a strong economy.
- The locations of much of the energy development will stimulate economic growth in areas of Montana that have long suffered economic hardship.
- Montana citizens want energy development that primarily focuses on renewable energy sources and clean energy technologies that are compatible with our quality of life.
- New market demands for clean energy and newly developed technologies make possible energy development compatible with our quality of life and consistent with our Constitutional right to a "clean and healthful environment."
- While energy development must include development for export to external markets, Montana citizens want it done in a manner that provides for sustainable, affordable energy for Montana's businesses, industries and families.
- Through state and local tax revenues, proper energy development can help provide for education and other important governmental services, in addition to jobs and growth.
- While state government and its elected officials cannot dictate private market investment in Montana, they can play a central catalytic role in attracting needed energy development capital.



Energy Policy Themes

The following themes constitute the framework of an energy that contributes to the nation's needs while helping all Montanans by promoting:

- Diversified Energy Development
- Renewable Energy Development
- Cleaner Energy Development
- Development with Clean Coal Technologies
- Value-adding Energy Development
- Energy Efficiency and Conservation
- Energy Availability and Affordability
- Adherence to Environmental Laws and Community Acceptance
- Supportive Infrastructure Development

Energy Policy Specifics

Diversified Energy Development Montana is blessed with abundant energy resources. In addition to our great rivers and streams, we have the nation's largest reserves of coal and some of its best wind resources. Our farms, ranches and forests can support a strong bio-fuels industry. We have abundant oil, natural gas and coal bed methane opportunities. Montana needs to enhance existing and create new diversified energy development from these resources, compatible with our existing quality of life.

Renewable Energy Development In addition to

being renewable, wind generation, hydro, ethanol, and biodiesel reduce or eliminate carbon dioxide and other pollutants common to conventional energy projects. Developing these resources will play a vital role in helping the nation meet the target of 25% renewable energy by the year 2025. Our agricultural and other resource strengths mandate that the State of Montana aggressively promote the development of wind generation, ethanol, biodiesel, biomass and other renewable forms of energy.

Cleaner Energy Development The move toward clean energy is both market-driven and socially responsible. California, as one of the largest energy markets, has already set standards requiring that electricity delivered to its borders minimizes greenhouse gas emissions and includes a green power mix. Concern over climate change continues to grow and Montanans demand the high quality of life we now enjoy, including a "clean and healthful environment". Therefore, state government will focus substantial efforts and resources on promoting energy development projects that meet the rising national demand for cleaner energy.

Development with Clean Coal Technologies Clean coal technologies such as gasification, oxy-fuel combustion, and post combustion carbon capture allow allow more of the pollutants and greenhouse gases associated with conventional coal technologies to be captured and disposed. In



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particular, the carbon dioxide capturing that is inherent in these processes allows sequestration of the CO₂, including methods that give the double benefit of enhanced oil recovery. The state will focus energy development of coal, including state-owned coal, on CTL plants, IGCC electrical power plants, and other clean coal technologies.

Value-adding Green Development Historically Montana has been a commodity exporting state. In agriculture, forest products and mining, the economic benefits of value-adding, and many quality jobs, have gone mostly out-of-state as a low-level commodity. The state of Montana will commit itself to adopting policies and practices that emphasize more value-adding in the energy field, whether the initial source is bio-based or carbon-based.

Energy Efficiency and Conservation Energy efficiency and conservation are the best homegrown defense against high-energy prices and produce the quickest results. Energy efficient houses keep us warmer while saving money, especially for those who are forced to choose between food and medicine or heat. Energy efficient cars make citizens less subject to the supply disruptions associated with hurricanes and international politics, and an energy efficient state has less need for costly environmental cleanups. State government will focus resources on energy efficiency and conservation, through both direct assistance to Montana's lower income families and support of industries, businesses, and

practices that promote energy efficiency.

Energy Availability and Affordability Montana has suffered from the effects of electricity deregulation in the past decade. If that market can't be policed adequately and provide affordable energy for Montanans, we will consider creative ways to re-integrate Montana's electrical energy generation, transmission and distribution and the possible re-regulating of prices. We need to seek ways to ensure that adequate amounts of the electric energy produced at the lowest cost in this state are reserved for Montana's businesses, industries and families.

Adherence to Environmental Laws and Community Acceptance Energy development in Montana will be expected to follow our environmental laws and respect our communities. We support the expansion of existing activities that already meet environmental standards. Looking ahead, the use of public resources to promote new energy projects will follow a high standard, concentrating on the cleanest projects proposed by industry and those that find community acceptance.

Supportive Infrastructure Development The transmission lines, pipelines, railroads and highways needed to move various energy products to market are vital if Montana is to compete in regional and global markets. We will commit state efforts to strengthening our energy delivery links internally and to the rest of the world.



Conclusion

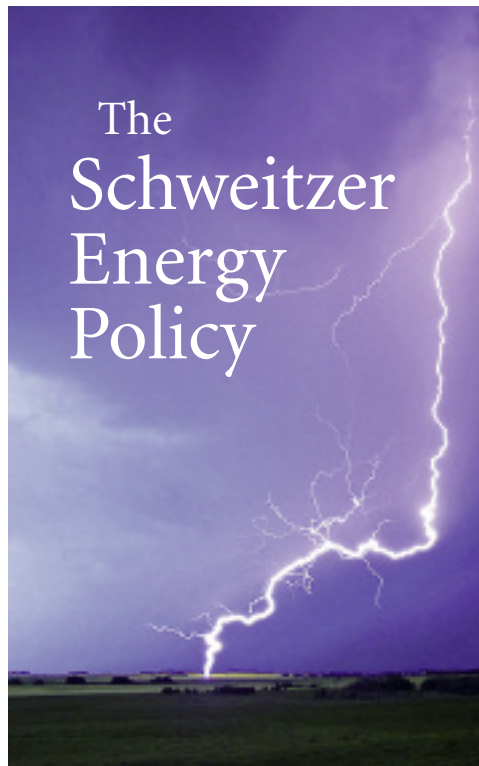
The primary energy concern of the Schweitzer-Bohlinger administration, is to secure a long-term, sustainable, reliable and affordable energy future for our citizens and businesses, and to secure economic growth from energy development in targeted areas of the state. In addition, we understand our obligation to the nation to help secure energy independence.

With our significant inventory of energy sources, Montana can play a leadership role in reducing the nation's reliance on foreign oil that often comes from unfriendly political regimes around the world. Proper development of Montana's existing and new diversified energy resources can also provide the electric power, gas, and liquid fuels needed to drive economic growth in our state and nation.

The state of Montana

should strive to attain greater efficiencies and conservation as a means of reducing energy costs. Montana can and should focus its efforts on new clean energy technologies and renewable forms of energy by playing a catalytic role in bringing private and public resources together to create energy development projects.

We do not intend to "build a fence around Montana," nor will we accept the mentality of "rip and run" rapid developments of the past. We know, as do most Montanans, that we can have good quality jobs, a clean and healthful Montana, and fulfill our national obligations. Proper energy development, following the principals outlined in the Schweitzer Energy Policy, can provide solid economic development with quality job creation and energy security and affordability all while protecting and maintaining the Montana quality way of life. ■



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